

July 7, 2006

Mrs. Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street - Drawer 20
Montpelier, Vermont 05620-2701

RE: Electricity affordability workshop

Dear Mrs. Hudson:

This letter is written in response to the Board Memorandum of June 12, 2006 requesting written comments to questions posed by the Board concerning the electricity affordability workshop scheduled for July 17th.

- (1) What process should the Board use for an electricity affordability program collaborative to aid the Board in developing draft electricity affordability legislation?

The Department believes that a series of workshops with stakeholders would be the best process to aid collaborative drafting of legislation. Additionally, advance posting of materials on the web and access to a topical discussion board would facilitate the process.

- (2) What individuals and groups should be invited to participate who are not on the initial distribution list for this memo?

Representatives from Regional Development Corporations, the State of Vermont Chamber, Associated Industries of Vermont and the Vermont Affordable Housing Coalition should be invited to make sure that the broadest spectrum of stakeholders contribute.

- (3) Is the assistance of paid consultant resources necessary to this process? If so, what recommendations do commenters have for the type and scope of assistance needed, as

well as how any such assistance should be paid for?

The Department doesn't believe that a paid consultant is necessary for the collaborative workshop process to draft legislation, although it is possible that a consultant might be necessary for rate calculation/impact information. Should a consultant be necessary the Department would be willing to share the expense with the Board.

- (4) What should the time frame be for the collaborative process?

Draft legislation is due January 1, 2007. The Department believes that the collaborative process should commence in mid September and be completed by the beginning of December.

- (5) In what way should the development of the electricity affordability program relate to the affordability study required of the Department of Public Service by Section 10b of Act 208? If commenters believe affordability program design should be informed by the study required by Section 10b, what are the implications of that interdependency for the timing of the collaborative input process?

The Department strongly believes in the value of using the information gathered in the affordability study to inform the development of an electric affordability program. Information from the study should help workshop participants accurately assess needed levels of support in an electric affordability program. Aware of time constraints the Department has already met with representatives from the Department of Children and Families and the Department of Disabilities, Aging and Independent living and begun the process of collecting information. It is the group's goal to have the comprehensive report finished by September 15th.

- (6) Does any potential participant object to the use of e-mail as the means of exchanging information within the collaborative process of developing the affordability program?

The Department does not object to the use of email as a method of exchanging information.

- (7) What other issues should be considered in the initial workshop?

The affordability issue is something that should be viewed in the broader context of alternatives to pure ratepayer subsidies. Included here are energy efficiency and fuel switching alternatives that may yield real savings to both participating customers and to other ratepayers. While the Department does not generally favor

fuel switching, especially in the current environment of high fossil fuel prices, we recognize that fuel switching may continue as a viable option in narrow circumstances, especially as an alternative to low income assistance. These circumstances can (on a fact specific basis) include fuel switching for efficient combined space and water heating in apartments and homes, and fuel switching involving natural gas.

Additionally, one other aspect of affordability should be considered and that is utility collection practices. Several utilities in the state have made a concerted effort to revise their collection practices and the net result has been increased money for the company and more affordable payment arrangements for consumers. The Department believes that wide spread implementation of these practices would generally increase affordability for Vermont consumers.

Thank you for the opportunity to comment. The Department is looking forward to participating in this collaborative process. Please let me know if you have any questions

Sincerely,

Sharon Allen
Senior Consumer Affairs and
Public Information Specialist